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IN THE MATTER OF THE GENERIC)
INVESTIGATION INTO ELECTRIC RESOURCE)
PLANNING.)

DOCKET NO. E-00000E-05-0431

**COMMENTS OF TUCSON
ELECTRIC POWER COMPANY
AND UNS ELECTRIC, INC.**

Tucson Electric Power Company ("TEP") and UNS Electric, Inc. ("UNS Electric") (collectively, "the Companies"), through undersigned counsel, hereby submit Joint Comments ("Comments") regarding Arizona Administrative Code ("A.A.C.") R14-2-701, 702, 703 and 704, pursuant to the Arizona Corporation Commission ("Commission") Staff's request for comments.

I. INTRODUCTION.

At the January 11, 2008 Resource Planning Workshop, Commission Staff requested that interested parties provide comments on the existing Integrated Resource Plan ("IRP") Rules. The Companies' Comments are provided below:

II. COMMENTS.

TEP and UNS Electric believe that the IRP should serve to inform regulatory staff, customer interest groups, regulators and other interested stakeholders on the assumptions used to develop and implement a company's long-term resource strategy. The IRP process should provide the framework for ensuring reliable, lowest-total-cost electric service, while effectively managing risk and future uncertainty.

TEP and UNS Electric support an IRP process that evaluates both demand-side and supply-side resources on a consistent and comparable basis. IRP assessments should include details

1 regarding the resource life expectancy, expected capital costs, on-going operating costs, firm
2 dispatch capabilities, environmental impacts, fuel efficiency, fuel diversity, emissions, and impacts
3 related to system reliability.

4 The IRP process should utilize a company's specific Renewable Energy Standard and Tariff
5 ("REST") and Demand-Side Management ("DSM") implementation plans as inputs into the
6 integrated resource planning assumptions. The REST and DSM programs would serve as the
7 baseline implementation plan for renewables, demand-side management and energy efficiency.

8 The IRP process should incorporate the planning studies performed by the Western Area
9 Coordinating Council ("WECC") and the Commission Biennial Transmission Assessment as
10 baseline inputs into the IRP assumptions. The integration of these transmission studies would help
11 enhance regional planning efforts.

12 The IRP process should include the use of sensitivity analysis to evaluate the tradeoffs
13 between the financial, regulatory, environmental, and operational risks associated with various
14 resource options.

15 The IRP process should be flexible so that utilities can take advantage of resource
16 opportunities that become available. Utilities must have the ability to modify their resource plans as
17 circumstances change. A utility should have the flexibility to develop its IRP in a manner consistent
18 with the company's strategic business plan.

19 The IRP long-term planning horizon should be at least 15 years. IRPs should be filed every
20 two years, one year after the Commission's Biennial Transmission Assessment. A two-year action
21 plan outlining a company's specific short-term resource plan should be integrated with the
22 Commission's Annual Summer Assessment presentation.

23 **III. CONCLUSION.**

24 The Companies believe that these Comments regarding A.A.C. R14-2-701, 702, 703 and 704
25 are in the public interest, and respectfully request that they be considered at future Resource Planning
26 Workshops or Rulemakings.

1 RESPECTFULLY SUBMITTED this 19th day of February, 2008.

2 TUCSON ELECTRIC POWER COMPANY
3 UNS ELECTRIC, INC.

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17 Original and thirteen copies of the foregoing
18 filed this 19th day of February, 2008, with:

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